was 1 of 10 Republicans who did this evening. They were Senators BOND, BROWNBACK, COLLINS, DOLE, DOMENICI, LUGAR, SNOWE, SPECTER, VOINOVICH, and WARNER. The motion required 60 votes. It had 53. It was seven votes short. The Senator from Pennsylvania took exception to my characterization earlier that the Republicans could have done more and helped us pass that. I want the RECORD to reflect that on the final vote, before Senator REID changed his vote for procedural reasons, 43 of the 46 Democrats voted in favor of the motion. Ten Republicans voted in favor.

It is clear we could have had more, certainly, but it would not have been enough to make up the seven-vote deficit. When less than a third of the Republicans voted in favor of it, it is pretty clear that most of those on the other side of the aisle did not support that motion, despite the heroic vote by the Senator from Pennsylvania.

(At the request of Mr. REID, the following statement was ordered to be printed in the RECORD.)

VOTE EXPLANATION

• Mr. KERRY. Madam President, I am necessarily absent for the cloture vote today on the AMT bill which is the vehicle for the auto stabilization legislation. If I were able to attend today's session, I would have supported cloture on the bill.•

U.S. TRADE AND MANUFACTURING POLICY

Mr. REID. Madam President, my good friend Senator Ernest Hollings contacted me and asked if I could have printed in the RECORD a statement he has written about U.S. trade and manufacturing policy. It is my pleasure to do so.

Senator Hollings was a longtime chair of the Senate Commerce Committee and a champion of American manufacturing. His statement contains some insightful and provocative thoughts of his and I encourage all of my colleagues to read it.

Madam President. I ask unanimous ocnsent to have printed in the RECORD Senator Hollings' statement.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ECONOMISTS AND FREE TRADE

(By former Senator Ernest F. Hollings (D–SC))

The trouble with the economy is too often the economists who advise, oversee and, in some cases, even manipulate it.

This is the crowd that advised on and overly embraced sub-prime mortgages, derivatives and credit default swaps. The crowd that advised on deregulating the financial industry. And the crowd that, after over stimulating the economy for the past eight years to the tune of $5 trillion of deficit spending, is now calling for, you guessed it, even more financial stimulus!

According to the Congressional Budget Office, last year's deficit or financial stimulus was $1.035 trillion. And as the economists try to decide on the amount of stimulus sufficient to jolt our clearly broken economy, we have already spent $691 [12/5/08] billion on additional financial stimulus just since October 1st—and it is not working.

To really prime the pump of the economy, it should be ''billions for immediate infrastructure—and not much more for financial stimulus.''

The need now is to create jobs and to stop increasing the interest costs on the federal debt, costs that already exceeds $500 billion a year—$500 billion which we should be spending on universal health care and not on economic steroids. More of the wrong kind of stimulus will only serve to stimulate more production in China, at the expense of more jobs being lost here at home.

Of course, the economists for the global financial institutions and the big multinational corporations know this, but because their loyalties are more to their institutions and less to our nation, they continue their calls for ever more ''free trade'' and for continuing U.S. trade and current account deficits.

The irony is that economists learn in their very first class in school that it was a trade war which brought us our initial freedom as a country, and that semi-protectionism later helped build the United States. England started a ''trade war'' with the Colonies by adopting the Navigation Act of 1651 that required all trade be carried in British vessels. Manufacturing was forbidden in the Colonies, even the printing of the Bible, and then the Townsend Acts drafted by Adam Smith placed heavy import duties on a wide range of items. All of this precipitated the Boston Tea Party that started the Revolution.

While we obtained our freedom in 1776, it wasn't until 1787 that we empowered Congress, in Article I, Section 8, of the Constitution, to regulate commerce, both domestic and foreign. President George Washington's first message to the first Congress in 1789 warned that, ''A free people should promote manufactories to render them independent of essential, particularly military, supplies.'' Thereafter, the United States was financed and built for 100 years with semi-protectionism, and we didn't even pass the income tax until 1913. At the advent of the Transcontinental Railroad, it was suggested that the needed steel be obtained from England—but President Abraham Lincoln strongly objected and required the steel to be produced in the United States. And Edmund Morris, describes how the U.S. won the trade war with England in his remarkable book ''Theodore Rex'' about President Teddy Roosevelt. President Roosevelt exclaimed at the time, ''Thank God I am not a free trader.''

Under the new phenomenon called ''globalization'', the so-called ''comparative advantage'' which underpinned the early centuries is no longer God-given or determined by the weather, as was the case, two centuries ago, with David Ricardo's English woolens and Portuguese wine. Now commercial success is largely created, or not, by government policies, and the United States government refuses to compete for such success, even though, as The Economist magazine reported recently, ''Business these days is all about competing with everyone from everywhere for everything.''

Right after World War II, Japan started its trade war by competing in international trade for market share rather than profit. Japan closed its domestic market and sold its exports at cost, making up the profit in its closed market. It subsidized production and targeted certain items in trade—first textiles, then electronics, machine tools, robots and, finally, automobiles. As a consequence, Toyota is today #1 as General Motors, Chrysler and Ford struggle just to survive.

China's post-WWII trade war began when it closed its domestic market to articles domestically produced, but opened it to foreign production in exchange for research and technology. General Motors, Intel and Microsoft, among others, have established major research facilities in China, and the U.S. is now running well more than a $1 billion per month trade deficit with China in just advanced technology products. China has accumulated dollar reserves in excess of $1.3 trillion, and it is now far and away the world's superpower in trade.

These behaviors by Japan, China, India and others are manifest in almost all of America's imports, but they are most manifest in automobiles, where the focus and the consequences are crystal clear.

The United States Congress looks at the BMW plant in South Carolina, my home State, and the Nissan plant in Mississippi as examples of relative success and wonders what's the matter with Detroit?

Yet BMW received a tax deferral benefit of $100 million to locate in South Carolina and Nissan received over $300 million to locate in Mississippi. And all Detroit got—Ford, GM and Chrysler alike—was tax incentives to leave the United States and offshore its jobs and production.

The supervisory personnel from Germany and Japan who run BMW's and Nissan's plants have health care and retirement benefits paid for by Germany and Japan. Detroit has to pay for the health care and retirement benefits of its supervisory personnel.

BMW and Nissan have deductible health care for its employees. Detroit has to pay full health costs on its employees.

BMW and Nissan hire forty-five year olds and under in order to minimize health costs. Detroit has a lot of senior people and legacy costs.

The major parts that BMW and Nissan use to assemble cars in the United States are produced 19% cheaper in Germany and 5% cheaper in Japan because BMW's and Nissan's VAT taxes are rebated when parts are shipped for assembly in the United States. Detroit pays all local, state and federal taxes on its parts.

Nissan, with a largely closed domestic market, does not have to make a profit, and thus located in the United States for market share. Detroit needs to make profits.

BMW and Nissan high-ball the costs of their imported parts so as to minimize profits and taxes to the United States. Detroit has to pay taxes on its profits.

And now, no surprise, the U.S. has a net deficit of $10 billion a month in foreign car imports, or more than $1 trillion in the last eight years, all because of highly and in some cases illegally subsidized competition with Detroit.

And yet some influential economists still call this ''free trade''.

Senate Majority Leader Harry Reid charged Ford, General Motors and Chrysler ''to get their act together [and] to come up with something.'' But Detroit can't do it alone. The new President and Congress must come up with something at the same time for Detroit to recover long-range. Using his authority to protect our national security, President John F. Kennedy instituted his seven-point policy of protection for textiles in 1961. Under Section 201 of the Trade Act, President Ronald Reagan threatened quotas on automobile imports in order to get Voluntary Restraint Agreements from Japan. So clearly the authority is there for President-elect Obama and Congress to impose quotas on imported cars so that Detroit can recover long-term long-range.

Of course, it is not just jobs and production we are offshoring, but also research and development, high-end services and critical military materials.

Thus, Congress must also vigorously (re)assume its responsibility under Article I, Section 8, of the Constitution for regulating trade in general. It must protect our important production and standard of living. And it must make it profitable to invest and produce in the United States.

A value added tax is in order, and long overdue in fact. Every industrialized country except the United States has a value added tax, which is levied on all imports and rebated to manufacturers whenever they export. Today, however, imports into the United States come without any taxes being imposed on them, and U.S. manufacturers not only must pay all corporate taxes but the VAT on their exports.

A U.S. VAT would immediately remove a tremendous disadvantage to production in the United States and begin to deter outsourcing, and the revenues from it would help eliminate both our massive fiscal and trade deficits. Since it would take a year for business and the Internal Revenue Service to gear up for a VAT, in the meantime, we should institute a 10% surcharge on imports as President Nixon did so successfully in 1971.

We must also activate the Commerce Secretary's list of materials critical to our national security. By placing tariffs or quotas on items necessary to our national security and producing them in-country, we will not only be better prepared to defend ourselves but we can put American workers back to work. In 1991, Admiral William Crowe, who was then Chairman of the Joint Chiefs of Staff, warned against the outsourcing of military supplies. In Desert Storm we had to await Japanese flat-panel displays before invading Kuwait. We had to await Swiss crystals before invading Iraq. Now we can't produce planes unless we get certain parts from India, and helicopters unless we get parts from Turkey. This nonsense has got to stop.

Of course for years economists have told us not to worry about the loss of manufacturing jobs, because the United States would simply and easily become a high-end service economy. But as Robyn Meredith writes in her wonderful book ''The Elephant and the Dragon'': ''As China has famously become the factory to the world, India is becoming the world's back office . . . As many as 300,000 American jobs each year will move overseas [to India] for the next thirty years—nine million jobs in all.''

So then the economists told us to ''educate.'' But if they are referring to skills, South Carolina instituted a skilled training program forty-seven years ago, and BMW in Spartanburg, S.C. is now producing a better quality car than BMW produces in Munich, Germany. And South Carolina's technical training program is now being mimicked by Intel in Ireland. But no State and not the United States can educate their way out of unfair competition.

Then there was NAFTA. I voted for NAFTA with Canada because Canada has a free market. A country must have a free market to have free trade. Mexico doesn't have a free market. I counseled the trade policy of the European Union. The EU requires that, before being admitted to the European Union, a country must have developed the entities of a free market like property rights, labor rights, a minimum wage, anti-trust provisions, an independent judiciary, etc. Countries of the European Union taxed themselves $5 billion for five years to develop a free market in Greece and Portugal before admitting them to the EU. Mexico still doesn't have labor rights. U.S. corporations are known to sign up for a union before locating in Mexico, but only pro forma—no business agent at the Mexican facility, and the Mexican workers never hear of having a union. Under Mexican law, if one tries to organize a plant that already has a union, you're fired. On a visit to Tijuana I met with 12 workers who were fired because they tried to organize a union not knowing the plant had one. NAFTA superimposed U.S. subsidized corn on two million small scale Mexican corn farmers putting them out of business. The Mexican farmers headed for the border for work. NAFTA not only exacerbated immigration, but the United States lost jobs and Mexico's workers are paid less today than before NAFTA. We still ought to try the European Union approach in Mexico. With the money we spend on fences, Border Patrol, immigration, prosecutors, courts, jails, deportation, etc., a mini Marshall Plan for Mexico could clean up the corruption and drug problem and develop a free market in Mexico. This will help solve our immigration problem.

As a last stand, the economists raise the specter of Smoot-Hawley. The late Senator John Heinz of Pennsylvania ''belled that buzzard'', passing a protectionist trade bill in the United States Senate twenty years ago. Smoot-Hawley restricting imports did not cause the depression. It was enacted eight months after the crash. At the time, 1930, international trade amounted to only 1.3% of our economy. Cordell Hull had us back with a plus balance of trade in 1933 with his famous reciprocal free trade policy. The economists' free trade policy (without reciprocity) has caused a hemorrhaging of American jobs, production, research, technology, investment and development to China and India.

Henry Ford not only developed mass production of automobiles, but he also greatly contributed to the development of the middle class in America, which is the strength of our democracy. Ford doubled the minimum wage and provided health care and retirement benefits for labor. He strengthened communities with the Ford Foundation, and business was diligent to keep America's economy strong. And we in Congress got in the habit of following business's lead on the economy, adopting Corporate America's suggestions for production, marketing and competition.

But in globalization, Corporate America's leadership for trade and a strong economy has been ''outsourced.'' The industrial icon, Jack Welch, once announced at GE's annual meeting that GE suppliers had to move to Mexico to produce a less-costly product or no longer be considered a GE supplier.

Well, I worked with Corporate America to protect America's investment and production.

When I was in the Senate, I worked with Corporate America to keep our textile industry strong by passing a protectionist trade bill in 1968. President Lyndon Johnson, however, had Wilbur Mills, the powerful Chairman of the House Ways & Means Committee, block the measure. Again with the assistance of Corporate America, I helped pass four protectionist trade bills through both Houses of Congress only to see each of them vetoed—one by President Jimmy Carter, two by President Ronald Reagan, and one by President George H. W. Bush.

Presidents back then were anxious that capitalism defeat communism in the Cold War and weren't worried about our economy. Denied protection by Democratic and Republican administrations, Corporate America began outsourcing and offshoring. Now Corporate America opposes our government competing in globalization with chants of ''free trade,'' ''protectionism,'' ''don't start a trade war.'' Now, our nation's business leaders and their economists, use every trick in the book to mislead on ''protectionism.'' They form organizations like The Trilateral Commission and The Business Roundtable, they promote books like ''The World is Flat'' to warn against protectionism, and even the U.S. Chamber of Commerce is more interested in commerce on Main Street, Shanghai than on Main Street, Spartanburg. The truth is globalization has become nothing more than a trade war, with the U.S. AWOL. And all the while, some major economists oppose any measure to protect our domestic production and economy, and they have become a ''fifth column'' in the trade war.

As Sir James Goldsmith testified before the Committee of Commerce in the United States Senate in 1994: ''It must surely be a mistake to adopt an economic policy which makes you rich if you eliminate your national workforce and transfer your production abroad, and which bankrupts you if you continue to employ your own people.''

But sadly, that's our policy today. Only the President and Congress can change it!

As President Lincoln said: ''As our case is new, we must think anew and act anew. We must disenthrall ourselves [from free trade economists] and then we shall save our country.''

WILLIAM WILBERFORCE TRAFFICKING VICTIMS PROTECTION REAUTHORIZATION ACT

Mr. DURBIN. Madam President, yesterday, on the 60th anniversary of the Universal Declaration of Human Rights, the Senate and House passed an important and comprehensive human rights bill: the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008. I was a cosponsor of this bill in the Senate and celebrate its passage. I commend the leadership of Senators BIDEN and BROWNBACK, Representatives HOWARD BERMAN and CHRIS SMITH, and their staffs, for working with Federal agencies and service providers to craft a consensus, bipartisan bill that will enhance our national and global fight against the scourge of human trafficking. The TVPRA will strengthen the Federal Government's ability to prosecute traffickers, protect trafficking victims, and prevent future crimes.

It is impossible to discuss Congress's efforts to address the issue of human trafficking without acknowledging the invaluable contributions made by the late Paul Wellstone and the late Tom Lantos. Senator Wellstone was the moral conscience of the Senate, and he was the driving force behind the initial antitrafficking legislation passed by Congress in 2000 and signed into law by President Clinton.

Representative Lantos, who introduced the first version of the TVPRA in 2007, passed away earlier this year after nearly three decades of distinguished service in the House of Representatives. He was the only Holocaust survivor ever to serve in Congress, and this experience as a victim of the 20th century's gravest human rights atrocity made him one of the leading voices in our time on human rights.